

# **PROCLAIM JUBILEE: BREAK THE CHAINS OF DEBT**

## **“Debt Relief for Poverty Reduction Act of 1999”**

Introduced in the House as **H.R. 1095** on March 11, 1999 by Reps. Leach (R-IA), LaFalce (D-NY), Bachus (R-AL), Waters (D-CA), Bereuter (R-NE), Frank (D-MA), Wolf (R-VA) and Hall (D-OH).

### **Bilateral Debt Relief**

- Cancels debt owed the United States by poor countries for concessional (reduced rate) loans or credits given through US foreign assistance or agricultural development programs.
- Reduces by at least 90 percent the debt owed the US by poor countries as a result of nonconcessional (market rate) loans, guarantees, or credits provided through various US foreign assistance programs.
- Gives priority to countries which have demonstrated a sustained commitment to alleviate poverty or have recently suffered a major natural disaster.
- Excludes countries which support international terrorism, or which have excessive military spending, gross violations of human rights, or drug trafficking.
- Ensures burdensharing by other creditors: urges the President to negotiate comparable reductions in debt owed to other nations and to multilateral institutions by these same poor countries.

### **Improvement of Multilateral Debt Relief**

#### **Recommends Changes to the Highly Indebted Poor Country (HIPC) Initiative to:**

- Expand the number of eligible countries to 45.
- Provide deeper debt relief to free sufficient domestic resources to address the problems of poverty and environmental degradation, promote sustainable development, and move toward self-sufficiency.
- Provide debt relief faster by reducing the maximum waiting period before a country can receive debt relief under HIPC from 6 to 3 years.
- Encourage democratic participation in decisions by requiring that the use of funds resulting from debt relief, as well as decisions about future loans, be made through public processes involving ordinary citizens and nongovernmental groups. Require that debt relief programs be monitored by representatives of these groups.

### **Debt Relief for Poverty Reduction**

- Requires each country to establish a Human Development Fund to hold the savings from debt relief. The savings will be used to reduce the number of persons living in poverty, expand access of the poorest members of society to basic social services, and prevent the degradation of the environment. The fund will be administered with the assistance and participation of ordinary citizens and nongovernmental groups.

### **Accountability**

- Requires the President to submit annual public reports to Congress on the progress made in accomplishing the objectives of the legislation.
- Makes the U.S. contributions to the multilateral debt relief (HIPC) trust fund subject to certification by the President of satisfactory progress in accomplishing the goals of the legislation.
- Urges the President to work with multilateral creditors and other creditor countries to ensure transparency and public participation in decisions on new loans, including terms and conditions.